

Rio Tinto committed to domestic power solution for Oyu Tolgoi

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Rio Tinto continues to work with its partners to develop the best solution for a domestic power supply for the Oyu Tolgoi operation, following the Government of Mongolia's cancellation of the Southern Region Power Sector Cooperation Agreement (PSCA).

The decision to terminate the PSCA indicates that the Government of Mongolia no longer views the Tavan Tolgoi Power Project (TTPP) as a viable option for Oyu Tolgoi. As a result, and in line with the terms of the 2009 Investment Agreement, Oyu Tolgoi is now obliged to deliver a domestic power source for the operation within four years.

Oyu Tolgoi, Rio Tinto and Turquoise Hill Resources are committed to fulfilling all of the commitments under the Investment Agreement and are continuing to evaluate all viable power options, including the construction of an Oyu Tolgoi site-based power plant.

The cost and means of financing this will be finalised between shareholders. Rio Tinto will continue to review its capex forecasts for the project but has already earmarked \$250 million a year for the development of a power station in Mongolia in its 2019 and 2020 capex forecasts.

The PSCA laid out a framework for cooperation between the Government of Mongolia and Oyu Tolgoi to deliver a comprehensive energy plan for the South Gobi region. The Government of Mongolia's primary intention was to develop a new independent power plant at the Tavan Tolgoi coalfields with Oyu Tolgoi as off-taker rather than owner.

Contacts

media.enquiries@riotinto.com

riotinto.com



Follow @RioTinto on Twitter

Media Relations, United Kingdom

Illtud Harri

T +44 20 7781 1152

M +44 7920 503 600

David Outhwaite

T +44 20 7781 1623

M +44 7787 597 493

David Luff

T +44 20 7781 1177

M +44 7780 226 422

Investor Relations, United Kingdom

John Smelt

T +44 20 7781 1654

M +44 7879 642 675

David Ovington

T +44 20 7781 2051

M +44 7920 010 978

Nick Parkinson

T +44 20 7781 1552

M +44 7810 657 556

Media Relations, Australia

Jonathan Rose

T +61 3 9283 3088

M +61 447 028 913

Investor Relations, Australia

Natalie Worley

T +61 3 9283 3063

M +61 409 210 462

Rachel Storrs

T +61 3 9283 3628

M +61 417 401 018

Rio Tinto plc

6 St James's Square
London SW1Y 4AD
United Kingdom

T +44 20 7781 2000

Registered in England

No. 719885

Rio Tinto Limited

Level 7, 360 Collins Street
Melbourne 3000
Australia

T +61 3 9283 3333

Registered in Australia

ABN 96 004 458 404